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Provo City School District
Policy Series 6000 Finances and Operations

Policy No. 6230

Clothing Allowance Policy

Purpose

To provide a reasonable and equitable clothing allowance standard for employees and volunteers within departments which have clothing allowances, to align with the IRS tax guidelines for taxation of clothing allowances, and to define how the District treats clothing allowances for income and social security tax purposes.

Definitions

Uniform(s) or Clothing - for purposes of this policy, uniform(s) or clothing refers to an identifying clothing for an employee, which is required as a condition of employment or volunteering, and may not be worn or adaptable to general usage as ordinary clothing. It does not refer to dress codes or standardization of employee appearance.

Allowance – payments made under this policy for uniforms or clothing, whether paid directly to employees through payroll, or reimbursed to employees.

IRS Guidelines

Taxation of clothing allowances

Generally, IRS guidelines require amounts paid to employees or volunteers for uniforms or clothing to be taxed as fringe benefits unless certain conditions are met. These conditions relate to how the items are used by the employee, and whether the District requires the employee to substantiate the allowance. The IRS refers to this substantiation requirement as an ‘Accountable Plan’, which requires the employee to verify within a reasonable period of time the date, time, place, amount and business purpose of the expense. Verification is generally done through documentary evidence, such as bills, receipts, canceled checks or similar items.

Based on IRS guidelines in the *Taxable Fringe Benefit Guide*, a clothing allowance or payment is NOT considered taxable if wearing the item is a condition of employment, and it is not worn for general use (and is not adaptable to

general use), and the District requires the employee to substantiate the allowance (under an 'accountable plan').

District Guidelines

Each department or school that provides or pays for a uniform or clothing for employees may choose to:

- Grant a yearly clothing allowance for purchase, wear or maintenance of the uniform or clothing (paid through payroll-considered taxable); or
- Provide funds to reimburse the employee for the purchase, wear or maintenance of the uniform or clothing under a method that meets the rules of an IRS Accountable Plan (considered non-taxable); or
- Buy clothing for the employee and issue it as a uniform or clothing (considered non-taxable).

Fund raising and donated funds and clothing are considered as being provided by the District or school and are subject to District Policy.

The clothing provided, clothing allowance, and uniform allowance combined may not exceed \$190.00 for each qualifying employee per year.

Students are in no way to pay higher fees or to fundraise for employee clothing, uniforms, or allowances.

[6230 P1 Clothing Allowance Procedure.pdf \(79 KB\)](#)